

RA Talking Points
Oil and Gas Environmental Conference – Houston, TX
Tuesday – November 28, 2017

Introduction

- Good morning.
- Thank you for having me here today.
- It's always a privilege to address folks from the oil and gas sector on the work that EPA is doing.
- For those of you who don't know, EPA Region 6 encompasses the states of Texas, Louisiana, Arkansas, Oklahoma, and New Mexico.
- As you all know, this region is blessed with an abundance of oil and natural gas and is an energy hub of the country.
- According to the US Energy Information Administration, approximately 65.5% of the nation's oil and approximately 48.4% of the nation's natural gas is produced here in the Region.
- Texas and Louisiana have the nation's top 10 refineries.
- Making sure that we protect the environment and public health while also growing the economy is always on the forefront of our priorities.
- Today, I'd like to talk about EPA's continued partnerships with our state and industrial partners in providing Americans with clean air, water, and land, and how that relates to the oil and gas sector.
- We are accomplishing these core objectives by focusing on "cooperative federalism" and the "rule of law and process."

Core Mission – Improve Air Quality

- One of our core missions is to improve air quality.
- In the past 40 and more years, we've cut air pollution by 70% while the economy has tripled in size.
- We did this by working at the city level on up to the state and national levels.
- We're continuing our work with municipalities by finalizing attainment designation for the 2015 **Ozone National Ambient Air Quality Standards (NAAQS)**, which we announced earlier this month.
- Consistent with states' and tribes' recommendations, EPA finds that most areas of the country - 2,646 of the more than 3,100 counties in the United States - meet the standards for ground-level ozone.
- These areas do not have any increased compliance burdens.
- For the remaining areas, EPA is not extending the time provided under section 107 of the Clean Air Act, but is not yet prepared to issue designations.
- We'll continue to work with states and the public to help areas with underlying technical issues, disputed designations, and/or insufficient information.
- Additionally, EPA modeling, state agency comments, and peer-reviewed science indicate international emissions and background ozone can contribute significantly to areas meeting attainment thresholds.
- The agency intends to address these areas in a separate future action.

- Overall, national monitored levels of ozone have dropped 22%, all while our population, energy use and GDP have increased.
- Another one of our goals is to ensure good and timely air permits and to that end, EPA Region 6 Air Permits continues to work with Oil and Gas Industry to provide a **coordinated approach towards air permitting issuance.**
- Often our industrial sources must balance contractual, financing and licensing timelines with the issuance of a CAA permit.
- EPA has primary jurisdiction for issuing air permits in 2 areas: offshore in Federal waters for structures under the Deepwater Port Act and on tribal lands if the permitting authority is not delegated to the tribe.
- An example of this coordination is the on-going work with the proposed Liquefied Natural Gas (LNG) terminal Deepwater Port Act project, Delfin LNG, LLC.
- The proposed project is planned to be located off the coast of Louisiana and plans to liquefy and export approximately 12.0 million metric tonnes per annum (MMtpa) of LNG.
- EPA is working with Delfin to accommodate changes related to the corporate management partnership and their financing and air permit construct clock issues if EPA issues a permit earlier than their defined schedule.
- EPA works closely with tribal areas to support permitting actions on tribal lands.
- The Oil and Gas industry is an industrial sector that EPA, in cooperation with the appropriate tribal representatives, has worked to issue various construction and operating air permits.
- EPA Region 6 is the air permitting authority for the 66 federally recognized tribes within our Region.
- One of the more recent air regulatory actions for Indian Country was in 2016, EPA finalized a Federal Implementation Plan (FIP) to implement EPA's Indian Country Minor New Source Review (NSR) program for the oil and gas sector.
- Under this new rule, which began on October 3, 2016, new and modified true minor sources using the FIP will be required to register using a specific form tailored to the FIP, rather than submitting a permit application.
- Industrial sources may choose to apply for a source-specific minor NSR permit instead of complying with the FIP.
- We've had one source avail themselves to claiming the FIP to construct and we completed our authorization review in roughly two weeks.
- However, the FIP does not apply in areas designated and nonattainment for a National Ambient Air Quality Standard (NAAQS) or if EPA requests a minor NSR permit application based on source-specific concerns.

Core Mission – Provide Clean and Safe Water

- In addition to improving air quality, we've been working with our state and industry partners to provide clean and safe water.
- One of the things we do every so often is reissue the National Pollutant Discharge Elimination System (NPDES) general permits for the **Western Gulf of Mexico Outer Continental Shelf.**

- The general permit covers discharges from approximately 3,500 oil and gas extraction facilities located greater than 3 miles offshore of Louisiana and Texas.
- EPA worked with industry representatives and other Federal agencies, both prior to drafting the permit and during the period in which we considered input during the public comment period.
- After we proposed the draft permit, industry groups submitted comments during the comment period and met with EPA for discussions and clarifications of their comments.
- This collaborative approach eliminated permit challenges and allowed us to draft a permit that not only protects the environment but also prevents any disruption for operators out in the outer continental shelf.
- Another program of ours that relates directly to the oil and gas industry is the **Underground Injection Control (UIC) program.**
- The UIC program regulates Class II injection wells used for disposal or enhanced oil recovery.
- While all of our Region 6 states are authorized for implementing the UIC program, the Region retains authority on some tribal lands, most notably the Osage Mineral Reserve in Osage County, Oklahoma.
- There have been multiple significant events there this year that have kept our staff busy but I'll touch on just one of them.
- This event involved multiple programs at EPA working closely with many other local, state, and federal partners to address a dangerous **natural gas venting situation at the high school in Pawhuska.**
 - Oklahoma's Secretary of Energy and the Environment called us just days before the new school year started to say that natural gas was venting from some geothermal wells at the school and that the state fire marshal had shut the building down due to fire and explosion risks.
 - Our Region acted as a convener of an emergency working group to evaluate who had authority and/or responsibilities to respond to this situation in a timely manner that would allow the re-opening of the schools as quickly as safely possible.
 - In addition to EPA, other participants in the work group included the local school district managers; the Oklahoma Corporation Commission; the Bureau of Indian Affairs; the Osage Nation; and the State Fire Marshal's office.
 - EPA provided an On Scene Coordinator and technical assistance from our UIC program to do onsite monitoring and evaluation, along with the other agencies.
 - It was determined that the seep from the geothermal wells could be due to naturally occurring gas and the OCC obtained funding available through a special program to deal with this type of seep.
 - A venting system was quickly installed by OCC over the wells and connected by a collection system which sends the gas to a controlled vent on top of the high school building.
 - This allowed the school building to reopen quickly and fall semester to begin.

- A second area of concern was identified as being a natural gas production well, drilled one hundred years ago and plugged first in the 1940's.
 - This well was located in the softball field and was still venting natural gas, as evidenced by the area of dead grass around it.
 - Another plugging had been attempted more recently, but was unsuccessful.
 - The Osage Mineral Council attempted a third plugging effort and did so after the school reopened.
 - OCC and school representatives conducted gas monitoring after the plugging and identified significant gas seepage at the ground surface, but EPA samples found no significant chemical residues in soil analyses.
 - Analysis of the extent and locations of the gas seeps are still being performed to inform the path forward.
- In addition to continued environmental monitoring by OCC, they have provided equipment and training to the school district staff to continue monitoring for natural gas at both of these locations and wherever they might feel a concern might arise.
- This situation provides an excellent example of local, tribal, state, and federal agencies working cooperatively to successfully resolve an urgent and complex issue.

Core Mission – Revitalize land

- Besides clean air and water, EPA is responsible through a variety of programs to protect human health and the environment by restoring contaminated lands.
- Under our emergency response program, we have completed over 2,000 removal actions and nearly all of these sites are now in reuse.
- Because of the large presence of the oil and gas industry, Region 6 responds to some 25% of all oil spills in the country.
- Under our Brownfields program, we have assessed and cleaned up 845 moderately contaminated sites creating 190 properties and nearly 3,000 acres that are ready for reuse.
- Compared to the \$33 million investment by EPA, the Brownfields program leveraged \$600 million in redevelopment and created over 2,500 jobs.
- There are 145 Superfund sites in Region 6; the majority have had cleanups completed and over 60 are now in reuse providing jobs and taxes to local economies.
- One recent example is our November 15 recognition of reuse at the Tex Tin site in Texas City.
- In 1998 it was a 140 acre abandoned smelter with over 50 acres of acid and sludge pits; its soils were contaminated with heavy metals and radioactive wastes; it produced ecological impacts on an adjacent wetland; and its groundwater was heavily contaminated.
- The site was cleaned up and in 2017 the Genesis Energy completed construction of a bulk oil terminal at the site generating 150 construction

Hurricane Harvey Response

- I want to quickly touch on the joint response to **Hurricane Harvey**.

- Hurricane Harvey hit Corpus Christi Texas as a category 4 hurricane, then lingered over the Texas gulf coast dropping more than 50 inches of rain in Harris County, according to the National Weather Service, and affected over 7 million people.
- Over 20% of the nation's oil and gas supply was affected by Harvey and EPA worked closely with the Texas Governor's office to provide fuel waiver in a matter of hours rather than days experienced in previous hurricanes.
- EPA worked with Texas and local officials to assess more than 2,200 drinking water systems and more than 1,700 waste water systems; retrieved over 950 loose containers and, according to FEMA, safely disposed of over 20 million cubic yards of debris.
- At one point, TCEQ had approximately 500 people and EPA had over 250 people assisting in response to this natural disaster.
- Because we worked very closely with the state agencies and the Governor's office, the collective strength of our efforts were greater than the sum.
- By augmenting state resources where they were needed and providing some specialized monitoring capabilities, together we were able to address the many challenges presented by Hurricane Harvey in a timely manner.

Cooperative Federalism

- All of the accomplishments I cited just now in providing clean air and water to folks here in the Region could not have been done without working cooperatively with our state, local, and industrial partners.
- This requires open communication and outreach.
- In an effort to broaden our outreach to the oil and gas sector, Region 6 is organizing a series of meetings with our state regulatory partners to discuss coordination in addressing issues and concerns related to the oil and gas industry.
- We will be travelling to each state capital over the next 6 to 8 weeks to meet jointly with the lead state environmental and state oil & gas regulatory agency.
- This effort is in support of Administrator Pruitt's July 2017 commitment for increased coordination and collaboration.
- Another aspect of Administrator Pruitt's commitment is to convene a roundtable with representatives of the oil and gas sector and state regulatory agencies to discuss industry concerns and enhance communication while ensuring safe and responsible domestic oil and gas production.
- EPA has been working with the Environmental Council of State (ECOS) and the Interstate Oil and Gas Compact Commission (IOGCC), which represent the state agencies that regulate the industry, to co-host the ONG roundtable.
- The roundtable will bring together state agencies, tribes, industry, NGOs, and EPA.
- The discussions will focus on barriers to cost-effective and timely compliance, meaningful solutions and innovative examples.
- Some additional things we're doing to advance cooperative federalism are **streamlining and modernizing** our permit processes by reducing any unnecessary or duplicative reporting burdens that impede economic growth.
- In response to inquiries from state oil & gas regulatory agencies and individual companies, EPA has been examining technical innovations that would facilitate produced water management options beyond traditional disposal approaches.

- It is thought that these alternatives will address concerns raised by the public about the use of scarce water resources in times of draught and potential induced seismicity from disposal wells.
- We're improving environmental protection through **joint governance and compliance** assistance among state, tribal, local, and federal partners.
- The Compliance Assurance and Enforcement Division has begun talks with each of our states about developing state-specific strategies.

Rule of Law and Process

- Besides cooperative federalism, we're also focused on **Rule of Law and Process** in protecting public health and the environment.
- We're going to administer the laws as Congress intended them to be, to refocus the Agency on its statutory obligations under the law.
- EPA is also focused on **robust research and scientific analysis** to inform policy making.
- And we want to create **consistency and certainty**.
- We're going to outline exactly what is expected of the regulated community, to ensure good stewardship and positive environmental outcomes.
- By accomplishing these goals, we hope to **improve efficiency and effectiveness**.

Conclusion

- In conclusion, we've accomplished a lot and we couldn't have done this without working hand-in-hand with our state, local, and industrial partners.
- Today, Americans enjoy cleaner air, water, and land because we're all working together.
- EPA is focused on continuing our partnerships with the states, municipalities, and industry, and strengthening our relationship as we move forward to other challenges.
- We're committed to our goals by focusing on cooperative federalism and the rule of law and progress.
- Thank you for your time.